

Notice No.: 93-015

Date: June 28, 1993

Applies to: All Employers

Subject: Summary of 1993 retirement-related legislation

This Notice contains brief summaries of bills enacted in the 1993 Legislative Session that affect the retirement systems' members and employers. These summaries are intended to identify the issues and indicate areas of change, rather than to provide you with details about the bills or instruct you in their implementation. DRS will provide more detailed information on some bills during the coming months.

ESHB 1294, Chapter 517, Laws of 1993

- Reduces the normal retirement age for LEOFF Plan 2 members from 58 years to 55 years.
- Provides an increase in benefit of 3% per year from the date of separation to the date of retirement for vested LEOFF 2 members who leave employment with at least 20 years of service.
- Permits LEOFF 2 members with at least 10 years of service to withdraw 150% of their accumulated member contributions if they leave service prior to retirement.
- Provides LEOFF 2 members the opportunity for dual membership if they become a member or ever were a member of PERS, TRS, the Washington State Patrol Retirement System, or the former Statewide Cities Retirement System.
- Allows PERS, TRS, and Washington State Patrol Retirement System members who were formerly LEOFF Plan 2 members to establish dual membership.

SHB 1595, Chapter 319, Laws of 1993

- Allows a PERS elected official who is paid no more than \$15,000 per year for his or her elected position to retire from non-elected PERS service without leaving the elected position.
- Requires DRS to adjust the allowable elected official salary under this act each year to account for inflation.

ESHB 1670, Chapter 95, Laws of 1993

- Provides that a period of leave to serve as an elected official of a labor organization may be reported by the employer as paid leave when that period of leave meets specific criteria.
- Allows compensation reported under this act to be used in the Average Final Compensation period for PERS Plan 2 and TRS Plan 2 members. (This is already permitted for LEOFF Plan 2 and PERS, TRS, and LEOFF Plan 1.)
- Allows retroactive service credit for PERS and LEOFF members who were reported by their employers under the conditions described in this act.
- Allows retroactive service credit for TRS members who were not reported because of SSB 6186 of 1992.

More detailed information about this legislation was provided in DRS Notice 93-014, dated June 25, 1993.

ESHB 1744, Chapter 502, Laws of 1993

- Adds port district and university general authority law enforcement officers to LEOFF Plan 2, effective January 1, 1994.
- Establishes a new LEOFF Plan 2 employer contribution rate for ports and universities.
- Allows general authority law enforcement officers who were in PERS prior to January 1, 1994, the option to transfer membership to LEOFF Plan 2 by January 1, 1995.

A DRS Notice containing more detailed information will be provided to port districts and universities.

SHB 1758, Chapter 386, Laws of 1993

- Adds public safety officers and public safety directors in towns and cities with populations of less than 10,000 to the definition of law enforcement officer, effective January 1, 1993.

SHB 1784, Chapter 322, Laws of 1993

- Requires the Health Care Authority (HCA) to provide subsidized health insurance plans for retired or disabled school employees (TRS and PERS employees), effective October 1, 1993.

The HCA will offer open enrollment in the fall; information will be mailed to qualified retirees about their health care options and the enrollment procedures.

For more information, contact the Health Care Authority.
SB 5352, Chapter 270, Laws of 1993

- Specifies that compensation paid to a member as part of an agreement by the member to retire will be excluded from the calculation of the retirement benefit unless the agreement requires additional service by the member. If such an agreement does provide for additional service, the compensation for that service will be treated as excess compensation.

Employers will receive a DRS Notice containing more detailed information.

ESSB 5888, Chapter 519, Laws of 1993

Part 1:

- Continues funding of the PERS Plan 1 and TRS Plan 1 cost of living adjustment (COLA), first implemented in February 1992, that restores retirees to 60% of their purchasing power at age 65.
- Provides funding for the COLA through June 30, 1995.

Part 2:

- Provides a COLA of \$3.00 per month per year of service for PERS 1 and TRS 1 retirees who are over age 70 as of July 1, 1993, have been retired at least five years, and who are not receiving other COLAs.
- Provides funding for the COLA from July 1, 1993, through June 30, 1995.

Part 3:

- Provides early retirement opportunity for PERS 1 and TRS 1 members who meet specific criteria.

Detailed information about early retirement was provided in DRS Notice 93-010 (school districts) and DRS Notice 93-009 (all other employers). Preliminary information was provided in DRS Notice 93-006.

Part 4:

- Allows the cities of Seattle, Tacoma, and Spokane to elect to have their retirement systems covered by the portability law, effective January 1, 1994.

Part 5:

- Adjusts employer and state basic retirement contribution rates for September 1993 through August 1995, to rates determined in the 1991 valuations by the Office of the State Actuary.
- Establishes a new procedure for adopting employer and state contribution rates: beginning September 1994, the Economic and Revenue Forecast Council shall adopt the rates to be used in the following biennium; the Council shall immediately notify the Director of DRS of the rates. Additional changes to the rates can only be made to reflect costs in legislation subsequently passed by the Legislature.

Employers will receive notification of the September 1993 rate changes in a DRS Notice mailed in July.

In addition to the legislation described above, employers will be affected by two items included in the legislation that contains DRS's budget for the coming biennium.

Change in the employer administrative expense rate—

- DRS will reduce the administrative expense rate from .22 percent to .17 percent effective July 1, 1993.

DRS Notice 93-013 provides the total employer payment rate reflecting the reduced administrative rate.

LEOFF medical study funded by surcharge to LEOFF employer rate—

- LEOFF employers will retain the current DRS administrative rate for the first six to nine months of the 1993–95 biennium; these funds will provide funding for a study by the Office of the State Actuary of LEOFF medical liabilities.
- Once the medical study has been fully funded, the LEOFF administrative rate will be reduced from .22 percent to .17 percent.

LEOFF employers will receive a DRS Notice containing more detailed information about this charge.

Questions?

If you have questions regarding this legislation, you may contact Pete Cutler of the DRS Legislative/Legal Affairs Unit at (206) 586-3414, SCAN 321-3414.

Sheryl Wilson
Director